

Message Text

LIMITED OFFICIAL USE

PAGE 01 BUENOS 03249 151348Z

47

ACTION L-03

INFO OCT-01 ARA-06 ISO-00 JUSE-00 COME-00 EB-07 TRSE-00

CIAE-00 DODE-00 PM-04 H-02 INR-07 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 USIA-06 /060 W

----- 034773

P 142120Z MAY 76

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC PRIORITY 5668

LIMITED OFFICIAL USE BUENOS AIRES 3249

E.O. 11652: N/A

TAGS: PGOV, PFOR

SUBJECT: CABINET TASK FORCE ON QUESTIONABLE PAYMENTS

REF: A) STATE 258169, B) STATE 094647

1. SHORT ANSWERS TO PARA OF REFTEL ARE AS FOLLOWS:

- A) YES
- B) NO
- C) YES, WITH IMPORTANT EXCEPTION
- D) NO
- E) NO
- F) NO

2. IN RESPONSE OF PARA 2A OF REFTEL, CURSORY RESEARCH INDICATES THAT IN CASE OF ARGENTINA, NATIONAL PENAL CODE IMPOSES SEVERE SANCTIONS AGAINST 1) PERSONS WHO EITHER GIVE OR OFFER GIFTS TO PUBLIC SERVANTS TO INFLUENCE OFFICIAL ACTIONS - SEE ART. 258 AND, 2) PUBLIC SERVANTS WHO EITHER EXACT OR SIMPLY ACCEPT MONIES, GIFTS OR EVEN PROMISES TO PERFORM OR FAIL TO PERFORM ACTS RELATED TO AN OFFICIAL FUNCTION - SEE ART. 256-7, 265-8. IN THE CASE OF ABUSES COMMITTED BY PUBLIC OFFICIALS INCLUDING JUDICIAL MAGISTRATES, THE LAW SPECIFIES, IN SOME DETAIL, A VARIETY OF OFFENSES, RANGING FROM CONFLICT OF INTEREST TO OUTRIGHT EXTORTION.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BUENOS 03249 151348Z

3. IN RESPONSE TO PARA 2B IT APPEARS THAT NO GENERAL "DISCLOSURE" STATUTE EXISTS UNDER ARGENTINE LAW, WHICH WOULD BE COMPARABLE TO US SECURITIES LAW OR RECENT LEGISLATION GOVERNING POLITICAL CONTRIBUTIONS. EMBASSY IS INFORMED THAT IN THE CORPORATE AREA PROVISIONS DO EXIST RESPECTING MINORITY SHAREHOLDERS' RIGHTS, RESPONSIBILITY OF BOARDS OF DIRECTORS, AND DIVERSION OF CORPORATE FUNDS. HOWEVER, AT THE SAME TIME, PUBLIC DISCLOSURE IS NOT REQUIRED OR CONTEMPLATED. ONLY IN THE CASE OF INDIVIDUALS WHO HAVE ADUTY TO REPORT CRIME TO PUBLIC AUTHORITY BY REASON OF THEIR PROFESSION OR OCCUPATION ARE SANCTIONS IMPOSED - SEE ART. OF NATIONAL PENAL CODE.

4. IN RESPONSE TO PARA 2C, IT APPEARS THAT GOA HAS SEVERELY DELIMITED ROLE OF AGENTS IN PROCUREMENT PROCESS. UNDER PROVISIONS OF LEY 23.354, GOA PURCHASES ARE BY PUBLIC BIDDING INVITED BY PREVIOUS GOVERNMENT TENDER, PARTICIPATION BEING LIMITED TO BUSINESS ENTITIES REGISTERED AS GOA SUPPLIERS, AGENTS ARE SPECIFICALLY BARRED FROM REGISTERING. HOWEVER, THE LAW ALSO ENUMBRATES SEVERAL EXCEPTIONS TO RULE OF PUBLIC TENDERS, WHICH MAYOFFER SOME SCOPE FOR INVOLVEMENT BY AGENTS - SEE BA 7823.

5. IN RESPONSE TO PARA 2D, IT APPEARS THAT NO LEGISLATION RESTRICTING POLITICAL CONTRIBUTIONS BY EITHER INDIVIDUALS OR CORPORATION IS PRESENTLY ON THE BOOKS. LEY 19.102 AND DECRETO 2180/74 ESTABLISH A PUBLIC FUND FROM WHICH POLITICAL PARTIES MAY DRAW ACCORDING TO THEIR MEMBERSHIP AND VOTES GARNERED IN ELECTIONS.

6. IN RESPONSE TO PARA 2E, AGAIN THERE IS NO SPECIFIC STATUTE THAT DEALS WITH THIS QUESTION. EMBASSY IS INFORMED THAT VERY OFTEN BOTH INDIVIDUALS AND CORPORATION CONCEAL POLITICAL CONTRIBUTIONS BY MAKING THESE WITH UNREPORTED INCOME FROM BLACK MARKET OPERATIONS.

7. IN RESPONSE TO PARA 2F, THERE APPEARS TO BE NO SPECIFIC LEGISLATION ON THIS QUESTION. HOWEVER, AS STATED IN PARA 3, IN CORPORATE AREA PROVISIONS DO EXIST RESPECTING MINORITY SHAREHOLDERS' RIGHTS AND THE RESPONSIBILITY OF BOARD OF DIRECTORS TO THE CORPORATION AND SHAREHOLDERS.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BUENOS 03249 151348Z

8. POST POUCHING COPIES OF RELEVANT PROVISION OF PENAL CODE. FOR APPLICABLE LAW ON AGENTS, PLASE REFER TO BA 7823 AND TRANSMITTAL SLIPS DATED DEC. 1, 1975, JAN. 20, 1976 FOR ATTENTION X L/PM.

7. GENERAL COMMENT: HIGH GOA OFFICIAL CLOSE TO PRESIDENCY RECENTLY TOLD EMBOFF THAT IN HIS VIEW ARGENTINA HAD TO LOOK

TO FOREIGN INVESTMENT FOR DEVELOPMENT. HOWEVER, HE EXPRESSED HIS CONCERN OVER THE FACT THAT SOME FOREIGN FIRMS ARE VIOLATING ARGENTINE LAWS IN DEALINGS WITH NEW GOVT. NOTING THAT HE HIMSELF HAD BEEN OFFERED SUBSTANTIAL BRIBE FROM FIRM SEEKING FAVORS. HE WARNED THAT ANY ATTEMPT USE BRIBERY WOULD DISCREDIT BOTH FOREIGN INVESTORS AND GOA AND WORK TO DISADVANTAGE OF BOTH. WE SUSPECT THAT AS WITH MOST NEW MILITARY GOVERNMENTS EMBARKED ON CLEANUP CAMPAIGN AND IMPOSING OWN SOMEWHAT PURITANICAL STANDARDS ON SOCIETY, GOA WILL BE LOOKING FOR EXAMPLES TO SHOW ITS SERIOUSNESS. IRREGULARITIES IN BUSINESS DEALINGS WITHGOA MAY WELL, AT EARLY STAGE AT LEAST, BE TREATED SEVERELY. OLD AND HONORED CUSTOMS OF BRIBERY AND INFLUENCE PEDDLING WILL UNDOUBTEDLY SURVIVE IN ARGENTINA AS IN MOST OTHER COUNTRIES, BUT THE RISK WILL BE HIGHER FOR SOME TIME.
HILL

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BRIBERY, CABINET, GOVERNMENT PERSONNEL, BUSINESS FIRMS, COMMITTEES, INVESTIGATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 MAY 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BUENOS03249
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760188-1035
From: BUENOS AIRES
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760555/aaaabuuh.tel
Line Count: 130
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION L
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 258169, 76 STATE 94647
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 14 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 JUL 2004 by ElyME>; APPROVED <22 OCT 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CABINET TASK FORCE ON QUESTIONABLE PAYMENTS
TAGS: PGOV, PFOR, KU
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006